

## **SAM - CASH**

### **ACCOUNTS OUTSIDE OF THE CENTRALIZED STATE TREASURY SYSTEM**

**8002**

(Revised 06/2013)

Except as provided in the criteria #7 below, requests for approval of bank, savings and loan association, or credit union accounts to be maintained outside the centralized State Treasury System ([CTS](#)) will be sent to the Department of Finance ([Finance](#)), Fiscal Systems and Consulting Unit. Please refer to SAM section [19462](#) for bank accounts or section 19463 for savings and loan association and credit union accounts. Departments are encouraged to establish the account outside the CTS with one of the State Treasurer's Office ([STO](#)) approved depository banks. All requests shall include the following information:

1. Justification for the need to open an account outside the CTS.
2. The name and location of the proposed bank, savings and loan association, or credit union.
3. The legal name of the department and the official designation of the account.
4. Whether the bank or savings and loan association is insured by the Federal Deposit Insurance Corporation ([FDIC](#)). For credit unions, whether it is insured by the National Credit Union Administration ([NCUA](#)).
5. The amount, source, and purpose of the funds to be deposited, type of deposit (time deposit, savings account, savings, checking, zero balance account (ZBA), certificate of deposit, investment, etc.), date account is needed, length of deposit, fees associated with the account, and interest rate to be received.
6. The provisions for the withdrawal of funds.
7. For ZBA, indicate whether the ZBA is new, or whether it is being changed from one depository bank to another. Finance approval is not required for a change in depository banks when all of the following conditions are met:
  - The change in depository bank is for a contract between the STO or the State Controller's Office ([SCO](#)) and another department.
  - The ZBA was previously approved by Finance.
  - No other changes are made to the account(s).

A ZBA is a type of account held outside the CTS in which a balance of zero is maintained by automatically transferring funds into the CTS daily. No other withdrawal of funds or disbursements will be made from the ZBA.

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### **ACCOUNTS OUTSIDE OF THE CENTRALIZED STATE TREASURY SYSTEM**

**8002** (Cont. 1)

(Revised 06/2013)

Finance will notify the [SCO](#), Division of Accounting and Reporting, and the [STO](#) in writing of each new account approved.

Departments must submit a new request for approval for account maintained outside the CTS if any of the conditions of the Finance approval have changed such as purpose or banking information.

Departments will obtain signature cards from banks, savings and loan associations, and credit unions. Finance approval of signature cards is not required. It is the department's responsibility to ensure that adequate safeguards are taken to prevent improper or unauthorized use of facsimile signatures. (See SAM sections 8080-8082.)

Departments shall ensure that deposited funds are collateralized throughout the year in accordance with the following Government Code (GC) sections:

#### **Bank Accounts**

GC section [16520](#) – Security is not required for that portion of deposited funds insured under any law of the United States.

**GC section [16521](#) – Requires banks to deposit securities as collateral with the State Treasurer valued at 110 percent of the uninsured portion of the collected funds deposited with the banks.**

GC section [16522](#) – Specifies the types of securities that banks may deposit as collateral with the State Treasurer.

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### ACCOUNTS OUTSIDE OF THE CENTRALIZED STATE TREASURY SYSTEM

8002 (Cont. 2)

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#### Savings and Loan Association and Credit Union Accounts

GC section [16610](#) – Security is not required for that portion of deposited funds insured under any law of the United States.

#### **GC section [16611](#) – Requires savings and loan associations and credit unions to deposit securities as collateral with the State**

Treasurer valued at least 110 percent of the uninsured portion of the collected funds deposited with the savings and loan associations and credit unions.

GC section [16612](#) – Specifies the types of securities that savings and loan associations and credit unions may deposit as collateral with the State Treasurer.

To provide collateral as required by law, departments shall instruct financial institutions to submit form STO-TD-011B to the [STO](#), Centralized Treasury and Securities Management Division and ensure that the appropriate Safekeeping Agreement is in place with the STO, Collateral Management Section. To obtain form STO-TD-011B, refer to the STO website at:

<http://www.treasurer.ca.gov/publications/forms.asp>

For additional information regarding the security and collateral requirements, consult with the STO.